

VERMONT GAS SYSTEMS  
SUCCESSOR SERVICE QUALITY & RELIABILITY  
PERFORMANCE, MONITORING & REPORTING PLAN

Section I: General Provisions

1. The purpose of this Plan is to establish performance standards, and performance monitoring and reporting for natural gas service provided by Vermont Gas Systems (“VGS” or “the Company”). The Plan shall be referred to throughout this document as the “Plan.”
2. The parties to this Plan are Vermont Gas Systems and the Vermont Department of Public Service (“DPS”).
3. Section II establishes the measurement and reporting protocols for the performance standards. Section III of the Plan establishes minimum performance standards in each performance area. Section IV of the Plan establishes service guarantees. Section V establishes the service quality compensation mechanism.
4. The Plan shall remain in effect from the beginning of the first quarter following Public Service Board (“Board” or “PSB”) approval until modified by subsequent Board order. The parties agree that they will review the Plan after it has been in effect for one year and every two years thereafter to determine the need for any modifications of measurements or performance levels. Either party may petition the Board for modifications of measurements or performance levels at any time during the life of the Plan.
5. Nothing in this Plan shall preclude the use of other remedies available under law for addressing substandard performance to the degree that such performance has not already been addressed under the provisions of this Plan.
6. Section IV of the Plan consists of service guarantees to be offered by the Company. The Company shall within 30 days of PSB approval of the Plan, file such tariff amendments as are necessary to implement the service guarantees. Such guarantees shall not be effective unless the PSB grants tariff approval.
7. All monies paid under sections IV and V of this Plan shall be accounted for below the line and shall not be included in the Company’s cost of service for purposes of rate making.

8. In addition to the performance standards and measurements set forth in this document, the Company agrees to the following time frames for response to consumer and regulatory complaints:
  - a. The Company shall provide a substantive response to consumer complaints expressed directly to the company within 14 calendar days of receipt by any method of contact.
  - b. The Company shall provide a substantive response to consumer complaints from DPS within 14 calendar days.
  - c. If the Company needs additional time to respond fully to a complaint from a consumer or from DPS, the Company shall within the initial 14-day period request a specific additional time for response and shall provide a full resolution within the requested additional time.

#### Section II: Measurement, and Reporting Protocol

1. The Company shall continue to monitor performance under the initial Plan until the effective date of this Plan as provided in Paragraph I.4.
2. Reporting periods shall be calendar quarters, with quarterly reports submitted to DPS and the Board by the last day of the month following the end of each quarter, except for the standards in Section III, paragraphs. 5.b-c, 6.a-b and 7d, which shall be reported annually in the quarter when they are available.
3. Except as provided in Section II.2, performance results shall be aggregated monthly and quarterly, and shall be reported quarterly to the DPS and the Vermont Public Service Board. The parties shall jointly develop an electronic reporting format.
4. Quarterly reports shall include both monthly and quarterly averages. Quarterly averages shall be derived from raw data, not by averaging monthly averages.
5. Achievement of minimum standards for purposes of calculating service quality compensation shall be determined on the basis of a 12-month average. Service quality compensation shall be calculated annually in the month following the anniversary of the effective date of the Plan. A minimum performance standard shall be considered met if the 12-month average upon the anniversary of the effective date of the Plan met or was better than the standard.

6. Notwithstanding Paragraph 5, where quarterly performance is more than ten percent worse than any standard, or where performance does not meet any standard for two consecutive quarters, the Company shall within 30 days of the end of the quarter in which this provision is triggered, submit a corrective action plan indicating how it will remedy the failed standard.
7. Performance shall be evaluated and reported to one decimal place for all performance areas unless otherwise specified. Actual performance shall be rounded up when the relevant decimal place is 5 or more. The Company shall retain all of its reports that support the results for each of the performance areas for a period of not less than 24 months after the results are reported. The Company shall provide these reports upon request to DPS.
8. The Company shall review with the DPS any change to the Company's measurement protocol or to the internal reporting methods that are used to obtain the data measured prior to the Company's implementation of such changes. If the DPS and the Company are unable to agree on the changes requested, nothing in this Plan shall preclude DPS from seeking appropriate relief from the PSB. The Company shall have an affirmative duty to report missing data or other events that could reasonably affect the quality of the data at the time the Company becomes aware of such events. Any data related to the Plan reported to DPS that reflects significantly altered measurement procedures or internal data acquisition methods that have not been agreed to between the Company and DPS shall be subject to challenge and potential exclusion from results.
9. The Company may seek a waiver of any applicable performance standard from the PSB. A waiver may only be granted where the circumstances causing the failure were beyond the Company's control, and the Company can demonstrate that its level of preparedness and response was reasonable in light of the cause of the failure.
10. Definitions:
  - a. Bill: Shall mean bills for the consumption of natural gas and shall exclude final bills and bills for maintenance or repair service.
  - b. Escalation: An escalation is a complaint to the company or to DPS which, following investigation, it is determined there is something the utility reasonably could or should have done to satisfy the consumer and thereby prevent the complaint from arising. Each party's discretion shall determine whether or not a complaint to it is classified as an escalation.

- c. Normal Business Hours: 8 a.m. to 5 p.m, Monday through Friday, excluding Company holidays.
- d. Outside of Normal Business Hours: “Outside of Normal Hours” are Weekends, Company Holidays and 5 p.m. to 8 a.m. Monday through Friday

### **Section III. Performance Standards**

#### **1. Call answer performance measures**

- a. **Call Answering Service Level:** Percentage of customers not reaching a company representative within 20 seconds during normal business hours. Performance shall be calculated as follows:

$$\frac{\text{Number of calls not reaching a company rep within 20 seconds}}{\text{Number of attempts to reach a company rep}}$$

**Performance measure:** <=25.0%

**Source of data:** The standard shall be measured by using data obtained from the Company’s automated call distribution system (ACD). The data will include all calls reaching the ACD during the normal business hours. For the first four reporting quarters this standard shall be excluded from the calculation of service quality compensation.

- b. **Abandon rate, normal business hours:** Percentage of calls abandoned before reaching a Company representative during normal business. Performance shall be calculated as follows:

$$\frac{\text{Number of calls abandoned}}{\text{Number of attempts to reach a company rep}}$$

**Performance measure:** <=5.0%.

**Source of data:** The standard shall be measured by using data obtained from the Company's ACD.

- c. **Abandon rate, after normal business hours:** Percentage of calls abandoned before reaching a company representative after normal business hours.

Performance shall be calculated as follows:

$$\frac{\text{Number of calls abandoned}}{\text{Number of attempts to reach a company rep}}$$

**Performance measure:**  $\leq 15.0\%$

**Source of data:** The standard shall be measured by using data obtained from the Company's ACD.

- d. **Blocked Calls to the Company:** Percentage of calls blocked (receive a busy signal). Performance shall be calculated as follows:

$$\frac{\text{Number of overflow calls}}{\text{Total number of calls}}$$

**Performance measure:**  $\leq 3.0\%$ .

**Source of data:** A call is deemed to have been blocked when it is classified as an "overflow" call from VGS' telecommunications provider. The standard shall be measured by using data that is provided by the Company's telecommunication provider.

2. **Billing performance measures:**

- a. **Percentage of bills not rendered monthly:** Percentage of bills not rendered within seven days of the scheduled billing date. Performance shall be calculated as follows:

$$\frac{\text{Number of bills not rendered within seven days of the scheduled billing date}}{\text{Total number of bills scheduled to be rendered}}$$

**Exclusions:** The measurement will exclude accounts that were activated within 10 days prior to the normal billing cycle; accounts that are scheduled to receive a final bill within 10 days after the normal billing cycle; off-system sales; company use accounts.

**Performance measure:**  $\leq .10\%$

**Source of data:** This standard shall be measured by using data obtained from the

Company's Customer Information System. Results shall be reported to the second decimal place.

- b. **Bills found inaccurate:** Percentage of bills found inaccurate after being sent to customers, brought to company's attention either as result of customer complaints and/or by the company's own efforts. Performance shall be calculated as follows:

$$\frac{\text{Number of bills rendered inaccurately for the month}}{\text{Total number of bills rendered for the billing month}}$$

**Exclusions:** This standard does not include bills found to be inaccurate strictly as result of estimation, bills where the inaccuracy does not effect the calculation of the bill, or where the fault does not lie with the company. Multiple bills for a customer that are caused by the same error shall be counted as one incident.

**Performance measure:**  $\leq .10\%$

**Source of data:** This standard shall be measured by using data obtained from the Company's Customer Information System. Results shall be reported to the second decimal place.

- c. **Payment posting complaints:** Percentage of customers filing complaints ultimately classified as escalations to the Company or to DPS concerning the posting of their payments to their accounts. Performance shall be calculated as follows:

$$\frac{\text{Number of customers complaining about payment posting}}{\text{Total number of customers}}$$

**Performance measure:**  $\leq .0050\%$

**Source of data:** This Standard shall be measured by using data obtained from the Company's Complaint Tracking System, Customer Information System (CIS) and the DPS's Consumer Affairs Tracking System. The complaint tracking system currently includes a complaint type for payment processing. Complaints regarding payment options will be excluded from this measurement. Standard shall be measured and reported to the fourth decimal place.

3. **Meter reading performance measures**

- a. **Percentage of actual meter readings per month:** Percentage of meters not read each month in relation to the number that were scheduled to be read. Performance shall be calculated as follows:

$$\frac{\text{Number of scheduled meters not read}}{\text{Number of meter readings scheduled}}$$

**Performance measure:**  $\leq 10.0\%$

**Source of data:** Data shall be obtained from the Company's Customer Information System.

4. **Work completion performance measures**

- a. **Percentage of customer requested work not completed on or before promised delivery date:** The percentage of jobs resulting from customer requests for new service line installations, meter installations, meter turn-ons, meter read-over, disconnects and reconnects (collectively "customer orders") that are not completed on or before the promised completion date. For purpose of this measure, a new service is one requested for a premise where the proposed meter location is within 150 feet of an existing, energized gas main. Performance shall be calculated as follows:

$$\frac{\text{Number of customer orders not completed on or before promised delivery date}}{\text{Total number of customer orders promised complete in the reporting month}}$$

**Exclusions:** When an event outside of company's control occurs resulting in the work not being completed as promised, company will renegotiate the promised delivery date with the customer. Renegotiated customer orders will be reported as completed on or before' based on the new renegotiated date not the original date.

**Performance measure:**  $\leq 5.0\%$

**Source of data:** For all customer orders excluding service line installation, data shall be obtained from the Company's Customer Information System. When a customer calls for included work, a service request is created for the date promised to the customer. Reports are generated monthly of all meter orders

closed during the prior month and are reviewed for the following exclusions: (1) delayed at the customer's request or because the customer was not ready for the work to be performed, (2) meter order request not the result of a customer request but rather an internal request for meter order work, (3) non-regulated business activities.

For service line installations the data shall be obtained from the Company's work order system. For each service line installation a "promise date" will be agreed to by the Company and customer and recorded in the Company's work order system.

- b. **Average number of days after the missed delivery date:** Average number of days after the missed delivery date in which company was to complete work covered under 4a above. Performance shall be calculated as follows:

$$\frac{\text{Total days of delay}}{\text{Total number of delayed jobs in the reporting month}}$$

**Exclusions:** When an event outside of the Company's control occurs resulting in the work not being completed as promised, the Company will renegotiate the promised delivery date with the customer.

**Performance standard:**  $\leq 5$  days.

**Source of data:** For all work covered in 4a above except for service line installations, data shall be obtained from the Company's Customer Information System. When a customer calls for included work, a service request is created for the date promised to the customer. Reports are generated monthly of all meter orders closed during the prior month and are reviewed for the following exclusions: (1) delayed at the customer's request or because the customer was not ready for the work to be performed, (2) meter order request not the result of a customer request but rather an internal request for meter order work, (3) non-regulated business activities.

For service line installations the data shall be obtained from the Company's work order system. For each service line installation a "promise date" will be agreed to by the Company and customer and recorded in the Company's work order system.



5. **Customer satisfaction measures**

- a. **Transactional customer satisfaction:** Percentage of customers who rate VGS with a 4 or a 5 following customer-initiated contact with the company (report, request, inquiry, customer requested work and complaint resolution).

**Performance measure:**  $\geq 80\%$ . Deviation from the baseline for this measure shall be calculated dividing the number of points of deviation from the baseline by 20 rather than 80 in order to convert the measure to its inverse.

**Exclusions:** The performance standard shall be considered met if performance falls within the survey margin of error.

**Source of data:** Survey conducted by an independent, third-party contractor performing four quarterly surveys of customers who have contacted the company with a report, request, inquiry, complaint or request for work in order to assess the level of satisfaction with the transaction. Questions and sampling method to be used are described in Attachment A. The Company will allow the DPS to review and have input into any changes it may propose to implement.

- b. **Overall customer satisfaction:** Percentage of customers rating VGS 5, 6, or 7 on the aggregate of two customer satisfaction survey questions.

**Performance measures:**  $\geq 80\%$ . Deviation from the baseline for this measure shall be calculated dividing the number of points of deviation from the baseline by 20 rather than 80 in order to convert the measure to its inverse.

**Exclusions:** The performance standard shall be considered met if performance falls within the survey margin of error.

**Source of data:** Survey conducted by an independent, third-party contractor performing an annual survey of a sample of the Company's Vermont customers. The sampling and surveying methods shall continue to be conducted in the same manner as surveys under the previous Plan. The Company will allow the DPS to review and have input into any changes it may propose to implement.

- c. **Rate of complaints to DPS/Consumer Affairs:** Percentage of customers who file complaints with DPS that are ultimately classified as escalations following investigation. Performance shall be calculated as follows:

Number of escalations  
Total number of customers

**Performance measure:**  $\leq .07\%$

**Source of data:** Data shall be obtained from the quarterly reports provided by DPS to VGS from the DPS Consumer Affairs Tracking System. Results shall be reported to the second decimal place.

6. **Worker safety performance measures:**

- a. **Lost Time Incident Rate:** The number of lost time cases experienced by the Company in a calendar year, multiplied by 200,000 and divided by the total hours worked by Company employees.

Number of lost time cases x 200,000  
Total hours worked by The Company employees

**Performance measure:**  $\leq 3.5$

**Source of data:** Lost time cases are the total number of incidents that cause an injury that results in the employee missing work as a result of an injury sustained while performing work for the company. Lost time cases are recorded in column H on the OSHA Form 300A that is maintained by the Company's Human Resources Department.

- b. **Lost Time Severity Rate:** The number of employee lost days experienced by the Company for a calendar year, multiplied by 200,000 and divided by the total hours worked by Company employees.

Number of employee lost days x 200,000  
Total hours worked by the Company employees

**Performance measure:**  $\leq 30$  days

**Source of data:** Employee lost days are the total number of calendar days missed by employees as a result of an injury sustained while performing work for the company. Employees lost days are recorded in column K on the OSHA Form 300A that is maintained by the Company's Human Resources Department.

## 7. Reliability Performance Measures

- a. **Meter Accuracy:** This standard measures the percentage of meters not accurate within a threshold of 98-102%. No more than 5% of VGS' meters shall fall outside an accuracy threshold of 98-102% as measured by meter in-test data describing open-rate meter test performance, except that, as appropriate on larger meters, performance shall be measured by check-rate meter test. VGS shall report meter accuracy percentages broken down by the following ranges: percent of meters accurate to <98%, >=98% and <100%; >=100% and <=102%; and >102%. Deviation from the baseline shall be measured as the percent of tested meters that fail to fall within the accuracy threshold. This measure shall serve as a placeholder for the first four reporting quarters of this plan. During that time, the parties shall negotiate a new meter accuracy standard and shall submit the new standard to the Board for approval no later than 90 days prior to end of the fourth reporting quarter. During the first four reporting quarters, this standard shall be excluded from the calculation of service quality compensation.

**Performance measure:** <=5.0%

**Source of data:** Meter test records as maintained and compiled by the Company's Operations Department.

- b. **Emergency response during normal business hours:** This standard measures the time it takes the Company to respond to reports of possible natural gas leaks during normal business hours. Emergency response time will be determined by calculating the difference between "Time Order Received" and "Time Arrived on Scene"

**Performance measure:** During normal business hours, average response time shall not exceed 30 minutes. The Company shall also provide a written report indicating the reason for, and the number of, incidents in which response time was greater than 45 minutes during normal business hours.

**Source of data:** Data shall be obtained from the Company's Customer Information System.

- c. **Emergency response outside normal business hours:** This standard measures the time it takes the Company to respond to reports of possible natural gas leaks outside normal business hours. Emergency response time will be determined by calculating the difference between "Time Order Received" and "Time Arrived on

Scene.”

**Performance measure:** Outside of normal business hours, average response time shall not exceed 40 minutes. The Company shall also provide a written report indicating the reason for, and the number of, incidents in which response time was greater than 60 minutes outside of normal business hours.

**Source of data:** Data shall be obtained from the Company's Customer Information System

- d. **Department of Transportation Annual Report of Gas Distribution Systems (RSPA F7100.1-1):** The Company will provide a summary and analysis of trended information from its Department of Transportation Annual Report of Gas Distribution Systems (RSPA F7100.1-1). All adverse trends will be highlighted and reviewed with DPS, including describing planned corrective action plans.

- e. **Underground Damage Prevention Statistics:** VGS shall comply with the Underground Damage Prevention Law. Non-compliance shall be measured as follows:

- i) **Non-compliance when VGS is the excavating party** will be measured as:

VGS' Underground Damage Prevention Law Offenses  
Total number of outgoing requests to Dig Safe from VGS

**Performance Measure:** 0%

**Source of data:** Data shall be obtained from VGS' Teldig System.

- ii) **Non-Compliance when VGS is the marking party** will be measured as:

Number of times the Vermont Damage Prevention Compliance  
Officer determines VGS failed to mark or mis-marked its pipelines  
Total Number of incoming notifications from Dig Safe

**Performance Measure:** .1%

**Source of data:** Data shall be obtained from the Dig Safe System.

iii) **VGS shall file all “Underground Facility Damage Prevention Reports.**

**Performance Measure:** 0 occurrences of the DPS finding a violation of this requirement

**Source of data:** Data shall be obtained from DPS violation notices.

**Section IV. Service Guarantees**

1. The Company shall offer the following service guarantees subject to Board approval of necessary tariff amendments:
  - a. **Bills not rendered:** The Company shall provide a credit of \$10 to any retail customer whose bill is not rendered within 7 days of the customer’s scheduled billing cycle. In the event of systemic errors that affect in excess of 500 customers in the same manner and the same incident (such as programming errors), the amount of service guarantees shall be capped at \$5000 per incident. The \$5000 shall be divided equally among all affected customers.
  - b. **Bills found inaccurate:** The company shall provide a \$10 credit if a retail customer’s bill is determined to be inaccurate (see above III.2.B) as result of a customer complaint or found to be inaccurate by the company after the bill has been sent to the customer. In the event of systemic errors that affect in excess of 500 customers in the same manner and the same incident (such as programming errors), the amount of service guarantees shall be capped at \$5000 per incident. The \$5000 shall be divided equally among all affected customers. Bills that are inaccurate in the customer’s favor where the Company chooses not to collect are excluded.
  - c. **Service initiation:** The Company shall provide a credit of \$15 to any customer whose service is not initiated within three business days of the requested date or five days if the initiation requires access to the inside of the customer’s premises. Service initiation means the gas meter is turned on and the account for the meter is in the new customer’s name.
  - d. **Final meter reads:** The Company shall provide a credit of \$10 to any customer whose final meter reading does not occur within three business days of the requested date.
2. All credits owed to customers as a result of the Company failure to meet the service

guarantees described above in paragraph 1 will automatically be credited without the customer having to notify the Company. In the event a customer who is due a credit no longer has an account with the Company at the time the company determines a credit is due, the Company shall mail a check for the credit amount to the customer's last known address. All unclaimed funds will follow legal requirements regarding abandoned property.

### **Section V. Service Quality Compensation**

1. Failure to meet the standards in performance areas III.1.a-d, III.3.a, III.5.a-b, and III.7.a-c shall result in the calculation of service quality compensation points.
2. Attachment A sets forth the performance measures for purposes of calculation of service quality compensation points. Points are assigned for areas subject to service quality compensation based on actual performance during the 12-month reporting period. Actual performance shall be compared to the performance measure. The deviation of the actual performance compared to the performance measure is expressed as a percent deviation from the performance measure. This percent deviation shall be expressed as points by multiplying the percent (as expressed as a decimal) by 100 so that each point equals one percent deviation from the baseline. No points are assigned if the Company achieves results equal to or better than the performance measure. When the Company performs worse than the performance measure, the applicable points are calculated for each performance measure and totaled. The total of these points is referred to as "service quality compensation points."
3. A dollar amount will be assigned to service quality compensation points as shown in Attachment B Service quality compensation dollars are assessed on a sliding scale up to a maximum one year total of \$295,000 which is equal to 300 service quality compensation points.
4. A dollar amount is assigned to each service quality compensation point within a range such that increasing service quality compensation points result in higher service quality compensation dollars per point. The service quality compensation dollars are calculated incrementally, that is, the service quality compensation dollars are calculated first at the bottom tier for the applicable service quality compensation points (e.g., the first 25 points are worth \$246 per point). The next range of points is multiplied by the next highest dollar amount (e.g., if there are a total of 80 points, compensation would be calculated as follows: the first 60 are \$246 per point and the next 20 are worth \$492 for total service quality compensation of \$24,600).

5. Service quality compensation dollars shall be paid to active customers by a one-time credit. The Company shall propose at the time of its quarterly filing in the month following the anniversary date of the Plan to which customers service quality compensation points shall be paid. As far as practicable without incurring substantial administrative costs, service quality compensation dollars shall be returned to those active customers who were affected by the service deterioration. The Company shall also propose at the time of its filing in which service quality compensation is calculated the manner of communication to its customers concerning its service performance for the prior 12 month period.
6. The service quality compensation dollars due to customers shall be offset by any monies paid to customers through the service guarantees in Section IV.
7. The DPS shall file any objection to the service quality compensation calculation, proposed credit methodology and customer communication within 30 days after the Company files its proposal. The Company's service quality compensation calculation shall be deemed accepted if the Department files no objection within 30 days after the Company's proposal is submitted, and the Board does not take action to examine the Company's filing within 15 days after the filing deadline for an objection by the Department. If DPS files a timely written objection, the Board will proceed to resolve the dispute.
8. If in any given year, the Company meets all baselines, and produces results 10 percent better than each of performance measures III.1.a., III.1.b, III.1.c, III.1.d, III.4.a, III.5.a, III.5.b, III.5.c, III.7.b-c requires, the company may carry over a balance of -25 service quality compensation points that may be deducted from any points earned in the following year